



REMARKS OF WILLIAM J. CASEY
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BEFORE
NATIONAL DEFENSE UNIVERSITY

FORT MCNAIR, WASHINGTON, D.C.
DWIGHT D. EISENHOWER HALL

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ABOUT 100 YEARS AFTER THIS COUNTRY OF OURS DECLARED ITS INDEPENDENCE, THE BODY OF GENERAL GEORGE ARMSTRONG CUSTER WAS FOUND IN JULY 1876, BY A THEN LITTLE KNOWN STREAM CALLED LITTLE BIGHORN. CUSTER WAS QUITE DEAD--THE RESULT OF POOR INTELLIGENCE, POOR JUDGMENT AND HIS OWN ARROGANCE. A HUNDRED ODD YEARS LATER, WE CANNOT AFFORD TO PROVIDE POOR INTELLIGENCE OR POOR JUDGMENT TO THE PRESIDENT, AND WE CERTAINLY HAVE NO BASIS FOR ARROGANCE. THERE IS A WIDE ARRAY OF THINGS WE NEED TO KEEP CLOSE TABS ON THAT REQUIRES HIGH VIGILANCE AND INCREASED RESOURCES.

THE SOVIET UNION IS THE INTELLIGENCE COMMUNITY'S NUMBER ONE PRIORITY; AND HIGH ON EVERYONE'S INTEREST LIST IS THE RECENT LEADERSHIP CHANGES. THE ABSENCE OF AN ORGANIZED PROCEDURE FOR SUCCESSION MAKES EVALUATION OF POWER SHIFTS AN UNCERTAIN BUSINESS.

THIS IS ONLY THE FOURTH TIME IN 65 YEARS OF HISTORY THAT SUPREME POWER HAS PASSED FROM ONE LEADER TO ANOTHER. THE SPEED WITH WHICH YURI ANDROPOV ASSUMED POWER SUGGESTS HE HAS A POWERFUL COALITION BEHIND HIM. HIS RISE WAS BACKED BY TWO OF THE MOST REPRESSIVE STATE BUREAUCRACIES--THE SECRET POLICE AND THE MILITARY. NO LEADER IS CURRENTLY IN A POSITION TO MOUNT A CHALLENGE TO HIM AS PARTY LEADER AND HE HAS MOVED RAPIDLY TO ESTABLISH HIMSELF AS CHIEF SPOKESMAN ON FOREIGN

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AFFAIRS. PARTY SECRETARY KIRILENKO'S REMOVAL ELIMINATES A MAJOR RIVAL. ANOTHER RIVAL WAS MOVED ASIDE WITH CHERNENKO'S SELECTION AS CHAIRMAN OF ONE OF THE TWO FOREIGN AFFAIRS COMMISSIONS. TWO OF THE MOST INFLUENTIAL FIGURES ON THE POLITBURO, DEFENSE MINISTER USTINOV AND FOREIGN MINISTER GROMYKO ARE CLOSE ASSOCIATES.

WE DON'T KNOW WITH MUCH CONFIDENCE WHAT TO EXPECT FROM ANDROPOV. HE GAVE SOME HINTS STRESSING ARMS CONTROL, U.S. CONCESSIONS ON START AND INF, ANTI-CORRUPTION, AND HOLDING THE CURRENT ECONOMIC PLAN.

WHAT ANDROPOV CAN DO TO CHANGE THINGS IS ANOTHER QUESTION; AND IT DEPENDS ON HIS ABILITY TO KEEP INTACT THE COALITION THAT PUT HIM IN POWER. HE OWES POLITICAL DEBTS TO ALLIES SUCH AS GROMYKO AND USTINOV. THESE ARE LEADERS OF INDEPENDENT STATURE WHO WILL DEMAND A SHARE OF POWER. THE POLITBURO AS A WHOLE CAN AND PROBABLY WILL REQUIRE THAT NO MAJOR DECISION BE MADE WITHOUT ITS APPROVAL.

GUNS VERSUS BUTTER ISSUE IS AN INCREASINGLY CONTENTIOUS ISSUE WITHIN THE LEADERSHIP AND THE ECONOMIC TASKS ARE FORMIDABLE. SOVIET AGRICULTURE HAS SUFFERED FOUR SUCCESSIVE CROP FAILURES AND THERE IS A GROWING SENSE OF MALAISE OVER

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THE QUALITY OF LIFE. SOVIET SOCIETY SUFFERS FROM DECLINING HEALTH. IT IS THE ONLY INDUSTRIALIZED NATION WHERE THE LIFE EXPECTANCY FOR MEN IS ACTUALLY DECLINING. ALCOHOL ADDICTION AND CORRUPTION ARE RAMPANT. AT BEST, THE SOVIET ECONOMY WILL ONLY GROW FROM 1 TO 1.5 PERCENT PER YEAR FOR THE NEXT SEVERAL YEARS.

TO RELIGHT THE ECONOMY, SOME ARGUE FOR MORE ATTENTION TO THE CONSUMER SECTOR; OTHERS FOR THE INCREASED INVESTMENT IN HEAVY INDUSTRY. ANDROPOV'S CLOSEST TIES HAVE BEEN TO ADVOCATES OF THE LATTER COURSE.

WHILE THERE IS A PROPENSITY FOR A NEW SOVIET LEADER TO ADDRESS CONSUMER PRODUCT SHORTAGES WHEN HE FIRST TAKES COMMAND, OVER THE LONG RUN, ANDROPOV WILL PROBABLY FIND IT POLITICALLY NECESSARY TO PLACE A HIGH PRIORITY ON SATISFYING THE MILITARY. SOVIET CENTRALIZED PLANNING VIRTUALLY GUARANTEES A STEADY FLOW OF RESOURCES TO THE MILITARY AND IT WILL BE HARD TO INTERRUPT. CHIEFS OF CIVILIAN MINISTRIES FIND IT EXTREMELY DIFFICULT, IF NOT POLITICALLY DANGEROUS TO CHALLENGE THE MILITARY'S PRIORITY. FEW OFFICIALS ARE PRIVY TO THE DETAILS OF DEFENSE PLANS AND BUDGETS, THEREBY PREVENTING A THOROUGH SCRUTINY OF PROGRAMS OR OPEN DEBATE ON PRIORITIES. KEY MILITARY DECISIONMAKERS HAVE LONG TENURES. MINISTER OF DEFENSE USTINOV BECAME A DEFENSE INDUSTRIAL MANAGER IN THE

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1930'S AND IS A CLOSE ASSOCIATE OF ANDROPOV. USTINOV IS PROBABLY THE MOST POWERFUL FIGURE IN THE NEW LEADERSHIP BEHIND ANDROPOV.

THE UNRELENTING BUILDUP OF SOVIET FORCES SINCE THE EARLY 1960S HAS BEEN FED AND SUSTAINED BY A GROWING DEFENSE INDUSTRY. THE SOVIET MILITARY-INDUSTRIAL BASE NOW INCLUDES SOME 200 MAJOR WEAPON R&D FACILITIES AND 100 FINAL ASSEMBLY PLANTS AS WELL AS THOUSANDS OF DEFENSE-RELATED R&D AND COMPONENT OR SUPPORT FACILITIES.

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NOR HAVE WE SEEN ANY EVIDENCE OF A REDUCTION IN SOVIET DEFENSE SPENDING DESPITE DECLINING ECONOMIC GROWTH. ON THE BASIS OF OBSERVED MILITARY ACTIVITY WE EXPECT DEFENSE SPENDING TO GROW THROUGH 1985 BUT THE RATE OF GROWTH IS UNCERTAIN GIVEN THE PRESENT ECONOMIC DIFFICULTIES.

WE HAVE IDENTIFIED SOME 130 NEW OR SUBSTANTIALLY MODIFIED WEAPON SYSTEMS UNDER DEVELOPMENT THAT COULD BE DEPLOYED IN THE 1980S AND 1990S. THESE INCLUDE STRATEGIC OFFENSIVE AND DEFENSIVE SYSTEMS SUCH AS:

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- O A SMALL MOBILE ICBM AND AN MX-SIZED SOLID PROPELLANT ICRM
- O IMPROVED SLBMs
- O A NEW LONG-RANGE BOMBER AND LONG-RANGE CRUISE MISSILES
DEPLOYABLE ON SUBMARINES, GROUND-BASED MOBILE
LAUNCHERS, OR POSSIBLY AIRCRAFT
- O NEW LOW-ALTITUDE FIGHTERS
- O MORE SA-10 SAMs
- O AND AN AWACS AIRCRAFT

THE SOVIETS ARE ALSO INTENSELY INTERESTED IN DIRECTED-
ENERGY WEAPONS AND IMPROVED SPACE SYSTEMS SUCH AS A REUSABLE
SPACE TRANSPORTATION SYSTEM SIMILAR TO THE U.S. SHUTTLE AND
REUSABLE SPACE PLANES FOR A VARIETY OF MILITARY MISSIONS.

WE EXPECT THE SOVIETS WILL LAUNCH A SATELLITE WITH IMPROVED
LAUNCH DETECTION

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AND AT LEAST 5 NEW COMMUNICATIONS SATELLITES. BY THE END OF
THE DECADE, THEY WILL HAVE ESTABLISHED A PERMANENT, MANNED
PRESENCE IN SPACE WITH FULLY OPERATIONAL, LARGE SPACE STATIONS
DESIGNED FOR A BROAD RANGE OF MILITARY AND SCIENTIFIC MISSIONS.

IN CONVENTIONAL FORCES, WE FORESEE THE WARSAW PACT
CONCENTRATING MORE ON QUALITATIVE THAN QUANTITATIVE

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IMPROVEMENTS IN THE 1980s. ADVANCES WILL BE MADE THROUGH MORE HARD-HITTING WEAPONS AND IMPROVED COMMAND AND CONTROL. BECAUSE SOVIET DOCTRINE EMPHASIZES THE OFFENSIVE, THE TANK REMAINS THEIR CENTERPIECE WEAPON. A NEW TANK--A FOLLOW ON TO THE T-80--IS EXPECTED, INCORPORATING NEW CONCEPTS IN ARMOR PROTECTION. ALSO DUE TO BE INTRODUCED IN THE 1980s ARE TWO NEW AIR-TO-AIR FIGHTERS, A FIGHTER BOMBER, SEVERAL ANTITANK GUIDED MISSILES--SOME WITH LASER GUIDANCE SYSTEMS--

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FROM MOSCOW'S VIEWPOINT NOWHERE ARE THE STAKES HIGHER THAN IN THE EUROPEAN THEATER; BUT THEY DO FACE SERIOUS PROBLEMS, A DECLINING BIRTH RATE AND A GROWING PROPORTION OF POLITICALLY UNRELIABLE NON-SLAVIC CONSCRIPTS. RECENT EVENTS IN POLAND RAISE THE UNCOMFORTABLE QUESTION OF THE RELIABILITY OF EAST EUROPEAN COHORTS.

THE THREAT FROM THE SOVIET UNION IS, HOWEVER, MUCH BROADER THAN THE DIRECT MILITARY THREAT. THE SOVIETS VIEW THE EAST-WEST RELATIONSHIP AS A TOTAL, ENCOMPASSING STRUGGLE INVOLVING ECONOMIC, SOCIAL AND IDEOLOGICAL FACTORS WHICH THEY CALL "THE CORRELATION OF FORCES." IN THE LAST SEVEN YEARS, THE SOVIETS HAVE USED A MIX OF TACTICS--POLITICAL, DIPLOMATIC, SUBVERSION, TERRORISM AND INSURGENCY--

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TO EXPAND THEIR INFLUENCE AND DESTABLIZE GOVERNMENTS. IT IS A NO-LOSE PROPOSITION BECAUSE THEY CAN STAY HALF-HIDDEN IN THE BACKGROUND. EXPLOITING THIRD WORLD SOCIAL AND ECONOMIC DISCONTENTS GIVES THE SOVIETS A WEDGE INTO A COUNTRY, A BASE TO FEED THE MALAISE THAT FOSTERS INSURGENCIES. THE SOVIETS WORK IN CONCERT WITH CUBA, AND TO SOME EXTENT EAST GERMANY, LIBYA, NORTH KOREA, ANGOLA, SOUTH YEMEN, ETHIOPIA AND NICARAGUA.

WHILE CUBA MIGHT NOT CONSIDER ITSELF A SOVIET SURROGATE, MOSCOW MOST ASSUREDLY DOES. SOVIET ECONOMIC AID ALONE TO CUBA EXCEEDS \$3 BILLION A YEAR IN ADDITION TO SUBSTANTIAL MILITARY AID. ALL TOLD WE ESTIMATE THE SOVIETS PROVIDE CUBA IN EXCESS OF \$1 PER DAY FOR EVERY MAN, WOMAN, AND CHILD, OR SOME \$10 MILLION PER DAY. THE MAGNITUDE OF THIS AID PROGRAM VIRTUALLY ENSURES CASTRO'S SUPPORT TO MOSCOW-BACKED INSURGENCIES.

IN GENERAL, SOVIET ARM DELIVERIES TO THE THIRD WORLD HAVE STEADILY INCREASED WITH AN 80 PERCENT RISE IN RUBLE PRICES AND HAVE BECOME AN IMPORTANT SOURCE OF HARD CURRENCY FOR THE SOVIET ECONOMY.

EACH OF THE 11 NATIONS FACED WITH INSURGENCIES IN THE WORLD TODAY HAPPENS TO BE CLOSE TO THE NATURAL RESOURCES OR TO THE SEA LANES ON WHICH THE UNITED STATES AND ITS ALLIES

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MUST DEPEND TO SUSTAIN THEIR ECONOMIC LIFE. CENTRAL AMERICA HAS BEEN PARTICULARLY FERTILE GROUND. THE SANDINISTAS' SUCCESS IN NICARAGUA--WITH HELP FROM CUBA--PROVIDED THE SOVIETS A FOOTHOLD TO EXPAND THEIR LINKS WITH LEFTISTS IN EL SALVADOR, GUATEMALA, AND HONDURAS.

THE SOVIETS' BASIC AIM IS TO UNDERMINE U.S. INFLUENCE. MOSCOW ANTICIPATES THAT REVOLUTIONARY FERMENT IN AMERICA'S OWN BACKYARD WILL DIVERT OUR ATTENTION AND RESOURCES FROM MORE DISTANT PROBLEMS, SOW DIVISIONS BETWEEN THE U.S. AND ITS ALLIES, AND UNDERCUT WASHINGTON'S CREDIBILITY IN THE THIRD WORLD.

ANOTHER THREAT IS THE ABILITY OF THE SOVIET UNION, LARGELY THROUGH ITS INTELLIGENCE ARM, THE KGB, TO INSIDIOUSLY INSERT ITS POLICY VIEWS INTO THE POLITICAL DIALOGUE IN THE UNITED STATES AND OTHER FOREIGN COUNTRIES. THE KGB IS ADEPT AT DOING THIS IN A WAY THAT HIDES THE SOVIET HAND AS THE INSTIGATOR. WE SEE SOVIET AUTHORED OR INSPIRED ARTICLES SURREPTITIOUSLY PLACED IN THE PRESS AROUND THE WORLD, FORGED DOCUMENTS DISTRIBUTED, MANIPULATION OF INDIGENOUS FOREIGN COMMUNIST PARTIES, INTERNATIONAL AND LOCAL COMMUNIST-FRONT ORGANIZATIONS, AND CLANDESTINE RADIO OPERATIONS, ALL EMPLOYED AGGRESSIVELY TO ERODE TRUST IN THE UNITED STATES AS THE LEADER OF THE FREE WORLD.

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THESE SOVIET GOALS CAN BE THWARTED; BUT IT TAKES CONCERTED, SUSTAINED U.S. ACTION. EL SALVADOR OFFERS THE BEST EXAMPLE. THE TURNABOUT IN THE RECENT ELECTIONS WAS IN LARGE MEASURE DUE TO OUR QUICK ACTION TO ASSIST THE EL SALVADORANS [REDACTED]

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[REDACTED]

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[REDACTED]

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THE RESULT WAS THAT THE WORLD'S TELEVISION AUDIENCE SAW FOR THE FIRST TIME THE VIOLENT BEHAVIOR OF THE GUERRILLAS CONTRASTED BY THE LONG LINES OF EL SALVADORAN CITIZENS WAITING PATIENTLY FOR LONG HOURS IN THE HOT SUN FOR THEIR CHANCE TO VOTE.

TO COMBAT FALSE PROPGANDA, OUR INTELLIGENCE CAN IDENTIFY THE FORGERIES AND DISTORTIONS. BUT TO EXPOSE AND REBUT THEM, THE PRIVATE SECTOR OF THE FREE WORLD WILL HAVE TO TACKLE MUCH OF THE LOAD. THIS IS A CHALLENGE FOR EVERYONE WHO BELIEVES IN THE VALUE OF A FREE, OPEN SOCIETY.

I WOULD LIKE TO TURN NOW TO THE PROBLEMS AND PROSPECTS OF THE INTELLIGENCE COMMUNITY. THE U.S.'S INTELLIGENCE GATHERING CAPABILITY WAS DRAWN DOWN IN THE 1970S WITH A 40 PERCENT CUT IN FUNDS AND A 50 PERCENT SLASH IN PERSONNEL. OVER THE PAST TWO YEARS WE HAVE BEEN REBUILDING OUR RESOURCES. WE HAVE STARTED ON A SUBSTANTIAL INCREASE IN

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THE NUMBER OF HUMAN INTELLIGENCE COLLECTORS AND HAVE HIRED MORE ANALYSTS TO ADDRESS AREAS OF NEW INTEREST--THE THIRD WORLD, NUCLEAR PROLIFERATION, INTERNATIONAL TERRORISM, AND GLOBAL RESOURCES. WE HAVE CREATED NEW ANALYTICAL CENTERS DEALING WITH TECHNOLOGY TRANSFER, INSURGENCY AND POLITICAL INSTABILITY, AND INTERNATIONAL TERRORISM. THESE CENTERS FACILITATE THE INTEGRATION OF POLITICAL, ECONOMIC, AND MILITARY ANALYSIS ON RAPIDLY EVOLVING ISSUES. THE MONSTER KNOWN AS INTERNATIONAL TERRORISM HAS BECOME A GROWTH INDUSTRY. TERRORISTS, MOREOVER, HAVE MADE AMERICAN FACILITIES THEIR MOST FAVORED TARGETS. WE WERE THE TARGETS OF ROUGHLY ONE-THIRD OF ALL INTERNATIONAL TERRORIST ATTACKS DURING THE PAST 10 YEARS. ALMOST 200 AMERICANS HAVE BEEN KILLED BY SUCH ATTACKS SINCE 1968. WHILE ONE-HALF OF THESE WERE VICTIMS OF INDISCRIMINATE ACTS, THE NUMBER OF AMERICANS SINGLED OUT FOR ASSASSINATION INCREASED STEADILY DURING THE 1970s.

TO COUNTER THE TERRORISTS, WE WORK WITH THE INTELLIGENCE SERVICES OF FRIENDLY NATIONS. TOGETHER WE ARE DEVELOPING A NETWORK TO TRACK TERRORIST ORGANIZATIONS AND ACTIVITIES AND TRAIN LOCAL QUICK REACTION FORCES TO CARRY THE FIGHT AGAINST TERRORISM AROUND THE WORLD.

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OUR CENTER FOR THE STUDY OF INSURGENCY AND INSTABILITY SEEKS TO PROVIDE ADVANCE WARNING OF INSTABILITY AND POTENTIAL FOR DESTABILIZATION IN ORDER TO PROTECT US FROM BEING CAUGHT BY SURPRISE AS WE WERE IN IRAN. THE SMALL AND WEAK COUNTRIES IN WHICH INSURGENCIES CAN BE FOSTERED AND DEVELOPED DO NOT NEED AND CANNOT HANDLE EXPENSIVE AND SOPHISTICATED WEAPONS FOR WHICH VIRTUALLY ALL OF THEM CLAMOR. WHAT THEY NEED IS LIGHT ARMS TO DEFEND THEMSELVES AGAINST EXTERNALLY TRAINED AND SUPPORTED GUERRILLAS, GOOD INTELLIGENCE, GOOD POLICE METHODS, GOOD COMMUNICATIONS, AND MOBILITY TO KEEP UP WITH THE HIT-AND-RUN TACTICS OF GUERRILLA FORCES. [REDACTED]

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[REDACTED] GOVERNMENTS FACING CIVIL WAR CANNOT ACHIEVE ECONOMIC AND SOCIAL PROGRESS UNTIL THEY ARE ABLE TO CONTROL INTERNAL DISRUPTION.

LEAKS OF CLASSIFIED INFORMATION REMAIN AN IMPORTANT CONCERN OF THIS ADMINISTRATION. LEAKS HAVE REACHED EPIDEMIC PROPORTIONS--MORE THAN 250 WERE REPORTED AND INVESTIGATED IN THE INTELLIGENCE COMMUNITY IN 1981. THE COMMUNITY SIMPLY CANNOT AFFORD TO BACK DOWN FROM THIS PROBLEM. IT AFFECTS OUR ABILITY TO RECRUIT CERTAIN ASSETS OVERSEAS; LOWERS MORALE OF OUR PERSONNEL. LEAKS CAUSE US A LOSS IN INSTITUTIONAL EFFECTIVENESS; HARMS OUR NATIONAL SECURITY.

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THE DIFFICULTIES IN CONTAINING LEAKS ARE APPARENT. DESPITE THIS ADMINISTRATION'S STRONG EFFORTS ON CONTAINMENT, CONFUSION STILL PERSISTS IN EQUATING THE WHISTLEBLOWER WITH THE LEAKER. WHILE THE WHISTLEBLOWER CAN SERVE JUSTICE, THE LEAKER SERVES ONLY HIMSELF AND HIS PERSONAL INTERESTS. MOREOVER, EXISTING ESPIONAGE LAWS DO NOT LEND THEMSELVES TO LEGAL SANCTIONS. LEGAL ACTION IS OFTENTIMES PERCEIVED AS OVERKILL; PROSECUTION CAN OFTEN INVOLVE THE POTENTIAL FOR DISCLOSURE OF FURTHER CLASSIFIED INFORMATION.

WE ARE LOOKING INTO NEW LEGISLATION FOCUSED EXPLICITLY ON CRIMINAL PENALTIES FOR UNAUTHORIZED DISCLOSURE OF CLASSIFIED INFORMATION AS WELL AS THE ESTABLISHMENT OF GOVERNMENT-WIDE POLICY AND REGULATIONS THAT WOULD PERMIT APPLICATION OF ADMINISTRATIVE SANCTIONS AGAINST LEAKERS, INCLUDING TERMINATION OF EMPLOYMENT IF WARRANTED. PASSAGE THIS YEAR OF THE INTELLIGENCE IDENTITIES PROTECTION ACT IS EVIDENCE OF THIS ADMINISTRATION'S COMMITMENT TO STOPPING DAMAGING DISCLOSURES AND EVIDENCE THAT CONGRESS UNDERSTANDS THE IMPORTANCE OF OUR EFFORTS.

WE ARE ALSO LOOKING INTO SECURITY INDOCTRINATION OF ALL EMPLOYEES INCLUDING APPOINTED OFFICIALS AND ARE IN THE PROCESS OF GAINING INTERAGENCY COOPERATION AND JOINT ACTION ON PURSUING LEAK INVESTIGATIONS WITH GREATER VIGOR AND

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PREPUBLICATION REVIEW PROCESS FOR ALL CURRENT AND FORMER EMPLOYEES. SENIOR OFFICIALS ACROSS ALL AGENCY DIRECTORATES THOROUGHLY SCRUTINIZE MANUSCRIPTS, FICTION AND NON-FICTION, TO ENSURE NO CLASSIFIED INFORMATION IS DISCLOSED. AS MEMBERS OF THE NATIONAL SECURITY COMMUNITY, YOU ARE ONLY TOO AWARE OF HOW THE CUMULATIVE EFFECT OF UNRELATED LEAKS CAN GIVE OUR ADVERSARIES AN EDGE IN MILITARY STRATEGY, EVEN ENDANGER THE LIVES OF OUR DIPLOMATIC OR MILITARY OFFICIALS STATIONED ABROAD. I WANT TO STRESS THE IMPORTANCE I PLACE ON SECURITY FOR THE CIA AND THE INTELLIGENCE COMMUNITY AS A WHOLE AND ASSURE YOU THAT WE ARE GOING TO ALLOCATE WHATEVER RESOURCES WE NEED TO BRING IT UNDER CONTROL.

STILL ANOTHER CONTINUING, HIGHLY DAMAGING THREAT CAN ONLY BE CALLED A HEMORRHAGE. ONLY RECENTLY HAVE WE ESTABLISHED THE DEGREE TO WHICH ACCURACY, THE PRECISION, AND THE POWER OF SOVIET WEAPONS, WHICH WE ARE REQUIRED NOW TO COUNTER WITH BUDGET-BUSTING APPROPRIATIONS, ARE BASED ON WESTERN TECHNOLOGY TO A FAR GREATER EXTENT THAN WE EVER DREAMED.

SOVIET DEFENSE PLANTS ROUTINELY USE WESTERN R&D APPROACHES, AND OUR BLUEPRINTS--OBTAINED LEGALLY AND ILLEGALLY--TO SHORTEN WEAPON LEADTIMES. FOR PROJECTS IN THE EARLIEST STAGES OF R&D, OUR STOLEN OR PURCHASED TECHNOLOGY

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CAN SHORTEN LEADTIMES OF MORE THAN A DECADE NEEDED TO FIELD A NEW WEAPON BY TWO TO FIVE YEARS. SOVIET LEGAL AND CLANDESTINE EFFORTS TO OBTAIN OUR TECHNOLOGY HAVE BECOME LARGER, MORE SOPHISTICATED, AND BETTER MANAGED. SOVIET POLITICAL AND MILITARY INTELLIGENCE ORGANIZATIONS, THE KGB AND THE GRU, HAVE FOR YEARS BEEN TRAINING YOUNG SCIENTISTS TO TARGET AND ROAM THE WORLD TO ACQUIRE TECHNOLOGY FOR THEIR MILITARY ARSENAL. THE ACQUISITION EFFORT IS LIKELY TO INCREASE DURING THE 1980S AND TO FOCUS HEAVILY ON MANUFACTURING TECHNOLOGIES. FUTURE SOVIET MILITARY NEEDS ALSO DICTATE THE REQUIREMENT FOR ADVANCE COMPONENT AND SUBSYSTEM TECHNOLOGIES.

THE ACQUISITION OF WESTERN MICROELECTRONICS IS ONE OF THE MOST STRIKING EXAMPLES OF HOW THE SOVIETS HAVE RESORTED TO ESPIONAGE, BRIBERY, COVERT OR OPEN PURCHASES TO FUEL THEIR MILITARY INDUSTRIAL BASE. OVER THE PAST DECADE, THE ABILITY TO MAKE HIGH-QUALITY MICROELECTRONIC COMPONENTS HAS BECOME INCREASINGLY IMPORTANT FOR MISSILES AND PRECISION-GUIDED MUNITIONS, AS WELL AS MODERN AIRBORNE RADAR, FIRE-CONTROL, AND ELECTRONIC WARFARE SYSTEMS. THE SOVIETS, HOWEVER, HAVE LAGGED IN THE REQUIRED MANUFACTURING AND FABRICATION TECHNOLOGIES. THEIR SOLUTION--TO ACQUIRE WESTERN MICRO-ELECTRONICS MANUFACTURING TECHNOLOGY VALUED AT HUNDREDS OF MILLIONS OF DOLLARS. MUCH OF THIS WAS CLANDESTINELY OBTAINED.

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THE DAMAGE TO OUR NATIONAL SECURITY BECOMES ALL TOO OBVIOUS AS WE FACE THE NEED TO SPEND BILLIONS OF DOLLARS TO DEFEND OURSELVES AGAINST NEW SOVIET WEAPONS. OBVIOUSLY, THE INTELLIGENCE COMMUNITY IS GOING TO HAVE TO DEVOTE THE NECESSARY RESOURCES TO TRACK THESE SOVIET EFFORTS, AND WE HAVE ALREADY BEGUN. THE MAGNITUDE OF THIS PROBLEM IS SUCH THAT ALL CONCERNED AGENCIES OF THE U.S. GOVERNMENT--THE FBI, THE DEFENSE DEPARTMENT, AND STATE WILL HAVE TO REDOUBLE THEIR EFFORTS AND CLOSELY COORDINATE ACTIVITIES. TO COMBAT THE LOSS OF CRITICAL TECHNOLOGY TO OUR ADVERSARIES, WE'VE ESTABLISHED AT THE CIA A TECHNOLOGY TRANSFER CENTER TO PROVIDE AMMUNITION TO OTHER GOVERNMENT AGENCIES AND TO SENSITIZE OUR SCIENTISTS, ENGINEERS, AND BUSINESSMEN TO THE TECHNOLOGY PICKPOCKETS, THE DUMMY CUSTOMERS AND THE FORGED PAPERS USED TO FUNNEL SENSITIVE TECHNOLOGY AND EQUIPMENT BEHIND THE IRON CURTAIN.

THE 50 PERCENT DRAWDOWN IN FUNDING AND 40 PERCENT DRAWDOWN IN PERSONNEL DURING THE SEVENTIES SHOWED UP MOST VIVIDLY IN THE NATIONAL ESTIMATES WHICH DWINDLED FROM AN ANNUAL AVERAGE OF 51 IN THE LATE 60'S, DOWN TO 33 IN THE EARLY 70'S AND ALL THE WAY DOWN TO AN ANNUAL AVERAGE OF 12 IN THE 6 YEARS FROM 1975 THROUGH 1980. DURING 1981 WE DID 38 NATIONAL ESTIMATES AND WE WILL DO 60 OR MORE DURING 1982.

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THE REAL VALUE OF THIS SHARPLY INCREASED NUMBER OF ESTIMATES TURNS ON THEIR TIMELINESS, RELEVANCE AND QUALITY.

MOST OF YOU KNOW THAT WE HAVE INSTITUTED A NEW FAST TRACK SYSTEM THAT CAN PRODUCE NATIONAL ESTIMATES ON ISSUES COMING UP FOR POLICY DECISION VERY QUICKLY. PERHAPS MORE IMPORTANT, WE HAVE TAKEN STEPS TO ASSURE STANDARDS OF INTEGRITY AND OBJECTIVITY, ACCURACY AND INDEPENDENCE, AS WELL AS RELEVANCE AND TIMELINESS TO THE NATIONAL ESTIMATE PROCESS. THE CHIEFS OF THE VARIOUS COMPONENTS OF THE INTELLIGENCE COMMUNITY--DIA, NSA, STATE INR, ARMY, NAVY, AIR FORCE, MARINE CORPS, TREASURY, FBI, ENERGY--SIT ON THE NATIONAL FOREIGN INTELLIGENCE BOARD AND FUNCTION AS A BOARD OF ESTIMATES. EACH CHIEF AT THE TABLE IS CHARGED WITH SEEING THAT THE INFORMATION AND THE JUDGMENTS COMING OUT OF HIS ORGANIZATION ARE REFLECTED IN THE ESTIMATE. I'M RESPONSIBLE FOR THE ESTIMATE BUT I CHARGE MYSELF TO SEE THAT ALL SIGNIFICANT AND SUBSTANTIATED JUDGMENTS IN THE COMMUNITY ARE REFLECTED SO THAT IN POLICY FORMULATION AND DECISION-MAKING THE FULL RANGE OF INTELLIGENCE JUDGMENTS IN THE COMMUNITY IS ON THE TABLE. I BELIEVE THIS PROCESS HAS DONE A GREAT DEAL TO DEVELOP A NEW SPIRIT OF CONSTRUCTIVE COLLABORATION AMONG THE COMPONENTS OF THE INTELLIGENCE COMMUNITY.

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THE STRENGTHENING AND EXTENSION OF OUR CAPABILITIES IS BEING ENCOURAGED AND STRONGLY SUPPORTED. WE HAVE A COMPLETED COMPREHENSIVE REVIEW OF THE INTELLIGENCE CHALLENGES WE SEE FOR THE REST OF THE DECADE, THE ADEQUACY OF OUR CURRENT COLLECTION AND ANALYTICAL CAPABILITIES TO MEET THEM AND WHAT IT WILL TAKE TO OVERCOME THE INADEQUACIES. WE HAVE RECENTLY COMPLETED A SIMILAR REVIEW OF HOSTILE INTELLIGENCE THREATS, OUR PRESENT ABILITY TO COUNTER THEM AND THE ADDITIONAL COUNTERMEASURE CAPABILITIES NEEDED. WE HAVE STARTED ON A SUBSTANTIAL INCREASE IN THE NUMBER OF HUMAN INTELLIGENCE COLLECTORS OVERSEAS AND THE EXPANSION OF THEIR ACTIVITIES INTO NEW AREAS. WE'VE MADE A GOOD START ON SIZEABLE INCREASES IN THE NUMBER OF INTELLIGENCE ANALYSTS ACROSS THE FULL RANGE OF INTELLIGENCE PROBLEMS WITH PARTICULAR EMPHASIS ON THOSE AREAS OF SHARPLY INCREASING DEMAND--THIRD WORLD, NUCLEAR PROLIFERATION, INTERNATIONAL TERRORISM, AND GLOBAL RESOURCES. WE WILL BE BRINGING ON NEW TECHNICAL CAPABILITIES TO CLOSE GAPS IN OUR PHOTOGRAPHIC, SIGNALS AND ELECTRONIC COLLECTION. WE WILL BE STARTING THIS IN 1983 AND COMPLETE IT IN 1986.

ONE OF MY PRIME OBJECTIVES HAS BEEN TO GET BETTER MUTUAL SUPPORT AMONG THE COMPONENTS OF THE INTELLIGENCE COMMUNITY AND BETWEEN THE DIRECTORATES AND THE OFFICES OF THE CIA. THE

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DEFENSE INTELLIGENCE AGENCY AND INR AT STATE ARE CARRYING AS MUCH AS ONE-THIRD OF THE DRAFTING OF THE EXPANDED ESTIMATES PROGRAM. MONTHLY WARNING MEETINGS DID NOT YIELD A CLOSE ENOUGH WATCH AND THEY ARE NOW SUPPLEMENTED BY A WATCH MEETING EVERY THURSDAY IN WHICH THE CHIEF OF OUR INTELLIGENCE DIRECTORATE MEETS WITH THE CHIEFS OF DIA, STATE/INR, AND NSA TO PROVIDE THE PRESIDENT WITH A WEEKLY WATCH REPORT ON FRIDAY MORNING. ONE OF MY SPECIAL INTERESTS OF LATE HAS BEEN TO PROVIDE THE PRESIDENT WITH A WEEKLY WATCH REPORT ON FRIDAY MORNING. ONE OF MY SPECIAL INTERESTS OF LATE HAS BEEN TO ENERGIZE ANALYSTS TO ACTIVELY AND REGULARLY SPECIFY INFORMATION GAPS THEIR ANALYTICAL WORK POINTS UP. WE NEED THIS TO ASSURE THAT OUR EXTENSIVE TECHNICAL AND HUMAN COLLECTION ABILITIES ARE DRIVEN PRIMARILY BY THE INTELLIGENCE NEEDS OF ANALYSTS AND DECISIONMAKERS RATHER THAN BY OUR COLLECTION CAPABILITIES.

FINALLY, THE U.S. GOVERNMENT AND THE AMERICAN PEOPLE ARE GOING TO HAVE TO COME TO GRIPS WITH THE INCOMPATIBILITY BETWEEN INTELLIGENCE AND THE FREEDOM OF INFORMATION ACT. THE PRESS HAS, AT TIMES, MISUNDERSTOOD MY POSITION. WE ARE NOT CALLING FOR THE TOTAL REPEAL OF THE ACT, NOR ARE WE ASKING FOR EXEMPTION FROM THE PRIVACY ACT, WHICH GIVES ALL AMERICANS THE RIGHT TO SEEK INFORMATION ABOUT THEMSELVES.

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BUT THE INTELLIGENCE COMMUNITY SHOULD NOT BE COMPELLED BY LAW TO SEARCH THOUSANDS OF DOCUMENTS FOR MATERIALS WHICH IT KNOWS IN ADVANCE ARE NOT RELEASABLE.

LET ME GIVE AN EXAMPLE OF THE ABSURD SITUATIONS WE FACE. THE IRANIAN REGIME--THE SAME GOVERNMENT THAT HELD OUR PEOPLE HOSTAGE--HAS RECENTLY FILED AN FOIA REQUEST FOR ALL INFORMATION IN CIA ON THE LATE SHAH. THIS IS A PERFECTLY LEGAL REQUEST. WE ARE THE ONLY COUNTRY IN THE WORLD WHICH GIVES FOREIGN INTELLIGENCE AGENCIES OR OTHERS HOSTILE TO OUR INTERESTS LEGAL LICENSE TO POKE INTO OUR FILES. AS JUSTICE GOLDBERG ONCE SAID, "WHILE THE CONSTITUTION PROTECTS AGAINST INVASION OF INDIVIDUAL RIGHTS, IT IS NOT A SUICIDE PACT."

THANK YOU LADIES AND GENTLEMEN, FOR INVITING ME TODAY. WE ARE NOW WORKING TO REBUILD INTELLIGENCE. IT WILL NOT COME EASY OR FAST, BUT OUR COMMITMENT IS FIRM. THANK YOU.

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